



USAID
FROM THE AMERICAN PEOPLE

BOSNIA-HERZEGOVINA

USAID POST-DAYTON ACCOMPLISHMENTS

The U.S. Agency for International Development (USAID) is the relief and development assistance arm of the U.S. Government. Since the signing of the Dayton Peace Accords, USAID has spent nearly \$1 billion to improve the lives of citizens and help lay the foundations for a bright future. Following are highlights of what USAID assistance has helped to accomplish during the past 10 years.

Minority Reintegration and Development Office (MRDO)

- Starting in 1996, USAID's infrastructure program targeted structures that would help restart businesses and assist citizens to return to normal living. Some of the most significant efforts included repair of the Brcko Rail, Brod, Dubica and Novi Grad border bridges between Croatia and BiH which enabled businesses to resume exporting their goods.
- USAID large power projects helped businesses get back up and running and provided a stable power supply to over a million people. For example, the KM 43 million repair of the Kakanj Power Plant reduced pollution by 97% and restored power to 200,000 citizens.
- Starting in 1998, USAID shifted focus to target minority returnees specifically. By repairing water systems, schools, health clinics, roads and power, plus providing small grants and loans USAID directly assisted over 100,000 minority refugees and displaced persons to return to their homes.
- In total, USAID spent \$372 million to carry out over 1,600 infrastructure repair projects.



Brcko Rail Bridge after Reconstruction

Economic Restructuring Office (ERO)

Private Enterprise Development

- USAID's Business Development Program (BDP) was a loan program that helped businesses restart operations and employ more than 16,000 Bosnians in the process.
- During its seven years of existence, the BDP made nearly 600 loans worth \$162 million to Bosnian enterprises eager to expand business activity but lacking working capital and medium-term financing. The vast majority of these firms were privately owned.
- BDP initiated country's first foreclosures. This increased investor confidence that investments could be protected and helped to instill a credit culture in BiH.
- BDP reflows funded numerous other activities such as deposit insurance, public sector accounting, agriculture production and bank supervision.
- By the end of 2003, the BiH banking system had matured to such degree that USAID was able to close BDP by auctioning off its loan portfolio to locally



Textile firm increased jobs as result of BDP loan

based banks. It is likely that no other single program had such a profound and positive impact on Bosnia's economic recovery as BDP did.

- On its 20th birthday, the Holiday Inn was privatized with USAID assistance. Its new owner, an Austrian investment consortium, will invest millions repairing the hotel, and adding a 22-floor tower with additional hotel rooms, a regional conference center, commercial real estate space, and a large parking lot. It will also hire another 800 people as the hotel expands.

Fiscal Reform

- The Financial Information Management Systems (FIMS) computer program installed in the treasuries of the State, Entity and each Canton in FBiH provides increased transparency and accountability of public finances. This activity enabled the closing of hundreds of separate bank accounts maintained by budget users, and has enabled the 13 treasuries to control spending by strict adherence to parliamentary approved budgets. The Federation Ministry of Finance averted about \$13.5 million in unbudgeted commitments in first eight months of operation alone.
- USAID gave assistance to harmonize direct tax administration at state, entity and cantonal levels, thus contributing to the development of a single economic space for BiH. Establishment of a central database of taxpayer registration information and implementation of single taxpayer ID number are elements of modernization that have contributed to an increase in tax revenues in both entities of 8%, while the number of registered taxpayers has increased by 12% in just one year.



**USAID and BiH officials
launched FIMS in Mostar in
2004**

Financial Sector Reform

- With USAID advisory and financial assistance, Bank Supervision Agencies in each entity have stabilized and restored public confidence in banking system.
- The State-level Deposit Insurance Agency established in 2002 with assistance from USAID is directly contributing to the rapid growth of deposits in participating commercial banks. The program helped increase deposits by 30% in first year. Today, some 22 banks are enrolled in the program, which insures citizens' deposits up to 7,500 KM.
- With admission of banks into the deposit insurance system, total qualified deposits in the deposit insurance program grew between 12/31/02-12/31/04 by 132% while the total value of deposits in the banking system in the same period increased by 66.39%.
- USAID chaired an International Advisory Group (IAG) that led the successful effort to eliminate the Payment Bureaus. Abolishing the Payment Bureaus ended an outdated government monopoly and opened the door to a rapid growth in commercial banking.
- USAID supported Ministries of Justice in both entities and Brcko District to design and implement centralized computerized public registry system for movable property used as collateral. Implementation activities include training bankers in collateralized lending, and



**BiH citizens now enjoy a modern
banking system**

training judges and lawyers in legal implications of secured financing. The registry will enable expansion of secured lending by the commercial banks as well as increased leasing.

- USAID trained commercial banks and micro-credit organizations in the development and marketing of new products— with a focus on expanding lending to the agricultural sector.

Legal and Regulatory Reform

- USAID is strengthening the commercial law regime in BiH by efficiently implementing bankruptcy laws and creating a foundation for secured transactions that can be respected by all interested parties. The program also works to ensure the efficiency and timeliness of court administration and case management procedures and practices.

Democracy Office (DO)

Rule of Law

- USAID is helping to change the laws in the country so administrative disputes can be more efficiently resolved. For example, as a result of USAID assistance the Federation Supreme Court's backlog has been reduced from 12,000 to 3,000 cases.
- USAID has assisted BiH with the adoption and implementation of the Law on Freedom of Information. The Sarajevo Public Advocacy Center processes hundreds of such requests and follows up on select cases through progressively higher levels of government and the courts.
- USAID helped four municipalities to adopt transparent hearing and comment procedures for all new rules.
- A unified oversight of judges and prosecutors and court administration was ensured through the establishment of the High Judicial and Prosecutorial Council. USAID and other U.S. Government assistance helped with the process of reappointing all judges and prosecutors, and strengthening the council secretariat. Corruption is down and professionalism in the courts is up as a result.



**Federation Supreme Court
President's backlog has been
reduced by two-thirds**

Governance

- USAID helped create 25 One Stop Shops and is working with the Swedish government to create 40 more. The shops help local governments provide better services to their citizens through the provision of modern technology and customer service training for staff. As a result, waiting times for many services have been cut by nearly 50 percent.



New One Stop Shop in Zenica

Civil Society Strengthening, Political Pluralism and Election Support

- For five years, USAID's Democracy Network (Demnet) program supported BiH NGOs to improve their supervisory skills and become better service providers. When the \$7.6 million Demnet program ended in 2004, it had assisted over 130 NGOs with grants, training and technical assistance. These NGOs did everything from working with handicapped children to environmental protection to putting internet-linked computer centers in remote villages.

- USAID's grantee, the Center for Civic Initiatives, helped experience win out over politics by organizing two groundbreaking elections that allowed parents to elect primary school principals in Tuzla and Kalesija. The initiative marked the first direct elections for primary school principals in BiH.
- Citizens were educated and elections administered effectively throughout the numerous post-war elections. USAID support provided for training of all election administrators and provided up to 5,000 domestic observers in various elections.

Assistance for Free and Independent Media

- USAID's \$38 million Media Program included helping to create BiH's first private, independent television network, Mreza Plus.
- USAID also supported the expansion of BiH's first and only private printer which has enabled Nezavisne Novine to print four-color and glossy pages for 20 publications throughout BiH.

Program and Project Office (PPO)

- USAID has strengthened the skills of 3,500 Bosnian government and private sector officials through training in BiH and abroad.



Mreza Plus TV Network

(Last updated December 2005)